



TO: House Taxation Committee

FROM: Lance Melton, Executive Director
Montana School Boards Association

RE: House Bill 678

DATE: 2/15/2007

EXHIBIT 9
DATE 2.16.07
MB 678

The Montana School Boards Association opposes Representative Lange's introduction of House Bill 678. Like with any funding bill this session, our position on House Bill 678 is driven by the primary funding resolution adopted by our membership, a copy of which I have attached for your review and information.

This bill goes about school property tax relief in the wrong way, by reducing mills that are already equalized across the state. The increase in Direct State Aid to 80% will already provide property tax relief of around \$120 million per year (the current amount of under BASE district property taxes), which would bring district property taxes down close to, on an inflation-adjusted basis, to the levels that existed in 1991 before the decade-plus of double digit annual increases.

Additionally, by implementing a significant tax change in school funding without concurrently raising the budget authority of schools, the bill devotes too much funding to tax relief without a concurrent awareness of how that tax reform will impact future efforts to raise spending authority for schools. With current state support at approximately 62% of school district general fund budgets, raising DSA to 80% will increase the cost of future increases for schools by approximately 25% compared to the current cost of increases. That kind of decision should be made only while addressing increases for schools, so that balance can be achieved between tax relief and increased budget authority provided in the same bill.

For the reasons above, MTSBA respectfully urges the committee's opposition to House Bill 678.

MTSBA FUNDING RESOLUTION - MAKE QUALITY EDUCATION THE PRIORITY

WHEREAS, a quality education for all the children of Montana is of highest priority to the Montana School Boards Association; and

WHEREAS, the State of Montana has made progress toward restoring constitutionality to its system of funding Montana's public schools in compliance with the State's obligations under Article X of the Montana Constitution through funding increases and amendments to law in FY06 and FY07, but has not fully complied with the terms of the relevant court orders in *Columbia Falls Elementary v. State* and has not yet complied with the provisions of HB 701.

BE IT RESOLVED AS FOLLOWS:

The Montana School Boards Association's Membership endorses the Montana School Boards Association's continued vigorous pursuit of the State's compliance with the terms of Article X of the Montana Constitution. The Montana School Boards Association must be a leader in ensuring that all children served in Montana's public schools are provided with access to an adequately funded basic system of free quality public elementary and secondary schools.

In pursuing the State's compliance with the terms of Article X of the Montana Constitution, the Montana School Boards Association's efforts should be focused on:

1. Enforcing the rights of children served in Montana's public schools as a named plaintiff in the case of *Columbia Falls Elementary v. State*, including the pursuit of enforcement of specific timelines for the state's compliance with its constitutional responsibilities; and
2. The pursuit and support of legislative and other remedies that include a focus on achieving:
 - a. Necessary changes to the current funding formula to address the current shortcomings in the formula;
 - b. Funding to empower local school districts in narrowing achievement gaps, complying with federal and state mandates and addressing the unique needs of all children served in Montana's public schools including gifted and talented students, through provision of an array of programs and services that education experts consistently report as important to improve at-risk performance, such as:
 - i. Early childhood education (e.g. full day kindergarten, lower class sizes in the primary grades);
 - ii. Before school, after school and summer programs;
 - iii. Tutoring;
 - iv. Reduction in class size and alternative learning programs for at-risk students;
 - v. Gifted and talented curriculum and programs as detailed in HB 701, in statute, and in Montana accreditation standards.
 - vi. Programs to enhance teacher professional development.
 - vii. Support funding for students who have not turned 20 by September 10th and have yet to complete the school district's graduation requirements.
 - c. An assurance of stable funding and support for implementation of Indian Education for All in Montana's public schools;
 - d. An improvement in salaries and benefits for employees of Montana's public schools with a focus on recruiting and retaining high quality educators and classified staff;
 - e. Facilities adequate to support the programs required for quality education including both operational and capital costs, and including pre-bond facility programming;
 - f. Any tax reform that may be necessary to ensure that the State has the capacity to comply with its constitutional responsibilities for K-12 public education.

Bureau of Labor Statistics' CPI-U Sheet

Consumer Price Index - All Urban Consumers

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2002	1.1	1.1	1.5	1.6	1.2	1.1	1.5	1.8	1.5	2.0	2.2	2.4	1.6	1.3	1.9
2003	2.6	3.0	3.0	2.2	2.1	2.1	2.1	2.2	2.3	2.0	1.8	1.9	2.3	2.5	2.0
2004	1.9	1.7	1.7	2.3	3.1	3.3	3.0	2.7	2.5	3.2	3.5	3.3	2.7	2.3	3.0
2005	3.0	3.0	3.1	3.5	2.8	2.5	3.2	3.6	4.7	4.3	3.5	3.4	3.4	3.0	3.8
2006	4.0	3.6	3.4	3.5	4.2	4.3	4.1	3.8	2.1	1.3	2.0			3.8	